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United States
Department of Defense



Marine Corps Transition to Joint Region Marianas and Other Joint Basing Concerns

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Acronyms and Abbreviations

AAFB	Andersen Air Force Base
BRAC	Base Realignment and Closure
COLS	Common Output Level Standards
CPVF	Cost and Performance Visibility Framework
ICC	Installations Capabilities Council
JBIG	Joint Basing Implementation Guidance
JBPHH	Joint Base Pearl Harbor–Hickam
JRM	Joint Region Marianas
OSD	Office of the Secretary of Defense



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

February 23, 2012

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
NAVAL INSPECTOR GENERAL

SUBJECT: Marine Corps Transition to Joint Region Marianas and Other Joint Basing
Concerns (Report No. DODIG-2012-054)

We are providing this report for review and comment. We determined that DoD adequately implemented the joint basing program at Joint Base Pearl Harbor-Hickam and Joint Region Marianas; however, improvements to the process are still needed. We considered management comments from the Office of the Under Secretary of Defense for Personnel and Readiness and the Navy from the Director, Joint Guam Program Office through the Office of the Assistant Secretary for Energy, Installations, and Environment on a draft report when preparing the final report. The Deputy Under Secretary of Defense for Installations and Environment did not respond to the draft report.

DoD Directive 7650.3 requires that recommendations be resolved promptly. We require comments from the Deputy Under Secretary of Defense for Installations and Environment on Recommendation A.1. The Department of the Navy comments on Recommendation A.2.b, A.2.c, and B.1 were partially responsive. As a result of management comments, we redirected Recommendation A.2 to the Deputy Chief of Naval Operations, Director, Shore Readiness. Therefore, we request additional comments by March 26, 2012.

If possible, send a portable document format (.pdf) file containing your comments to audacm@dodig.mil. Portable document format copies of your comments must have the actual signature of the authorizing official for your organization. We are unable to accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9077 (DSN 664-9077).

Jacqueline L. Wicecarver
Jacqueline L. Wicecarver
Assistant Inspector General
Acquisition and Contract Management



Results in Brief: Marine Corps Transition to Joint Region Marianas and Other Joint Basing Concerns

What We Did

Section 2835 of the Fiscal Year 2010 National Defense Authorization Act requires oversight of the Marine Corps relocation to Guam. Our objective was to determine whether the joint bases adhered to the intent of the 2005 Base Realignment and Closure recommendation, Joint Basing Implementation Guidance, and subsequent guidance related to the Marine Corps relocation to Guam.

What We Found

DoD adequately implemented the joint basing program at Joint Base Pearl Harbor–Hickam and Joint Region Marianas; however, we identified needed improvements to the process. Joint Region Marianas and Joint Base Pearl Harbor–Hickam encountered difficulties developing efficient processes because levels of installation support for joint bases were above levels at stand-alone bases and did not allow for other methods to provide support or always align with the urgency of warfighter's needs; commanders did not have full authority to implement best policies; and Joint Region Marianas and Joint Base Pearl Harbor–Hickam provided reports to the Under Secretary of Defense for Installations and Environment, Basing Directorate, that may be inconsistent. As a result, the joint bases can better optimize their use of the joint resources. Additionally, the Marine Corps can improve the transition process to Joint Region Marianas because increased planning and coordination are needed in key transition areas. If Marine Corps concerns are not promptly addressed; readiness, resources, and quality of life may be affected during the relocation to Guam.

What We Recommend

We recommend that the Deputy Under Secretary of Defense for Installations and

Environment revise installation support standards to better reflect mission needs and issue guidance on reporting joint basing results at joint bases. We recommend that the Commander, Navy Installations Command, allow joint bases to deviate from Service-specific policy so that best practices can be developed, establish guidelines for conducting joint inspections at the Navy-led joint bases, and develop an equitable method to distribute Marine Corps Exchange profits at Joint Region Marianas. We recommend that the Commander, Joint Region Marianas, task the Comptroller with providing detailed support to the Marine Corps regarding the transfer of funds and develop specific policy to assist the Marine Corps regarding how installation support will be provided on Future Marine Corps Base Guam.

Management Comments and Our Response

The Director, Joint Guam Program Office, through the Office of the Assistant Secretary for Energy, Installations, and Environment provided consolidated comments for the Navy. The Director partially agreed with our recommendations. We disagree with the Director that guidance exists to determine who is responsible for oversight at joint bases or that the Navy should not issue guidance on documenting methods for reporting joint basing results. We agree that a plan for a Marine Corps Exchange is not needed at this time; however, the Navy should begin planning for this scenario. The Deputy Under Secretary of Defense for Installations and Environment did not comment on the draft report and we request that he provides comments in response to this report by March 26, 2012. Please see the recommendations table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Deputy Under Secretary of Defense for Installations and Environment	A.1	
Deputy Chief of Naval Operation, Director, Shore Readiness	A.2.b, A.2.c	A.2.a
Commander, Navy Installations Command	B.1	
Commander, Joint Region Marianas		B.2

Please provide comments by March 26, 2012.

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Introduction

Objectives

We performed this audit as part of Section 2835 of the Fiscal Year 2010 National Defense Authorization Act requiring oversight of the Marine Corps relocation to Guam. Our objective was to determine whether the joint bases adhered to the intent of the 2005 Base Realignment and Closure (BRAC) recommendation, Joint Basing Implementation Guidance (JBIG), and subsequent guidance related to the Marine Corps relocation to Guam. See Appendix A for the scope and methodology and prior audit coverage related to our audit objective.

Background

Section 2835 of the Fiscal Year 2010 National Defense Authorization Act

Section 2835 of the National Defense Authorization Act for Fiscal Year 2010 designates the Inspector General of the Department of Defense as the Chairman of the Interagency Coordination Group of Inspectors General for Guam Realignment. Public Law 111-84, “National Defense Authorization Act for Fiscal Year 2010,” October 28, 2009, Section 2835, “Interagency Coordination Group of Inspectors General for Guam Realignment,” requires the Interagency Coordination Group to conduct audits of obligations and expenditures for the Guam realignment. The group is also responsible for monitoring and reviewing construction and contracting activities for the relocation.

BRAC Recommendation and Joint Basing Implementation

The joint basing program is DoD’s effort to optimize installation support across the Services and was established by 2005 BRAC recommendation number 146. The BRAC recommendation combined 26 locations into 12 joint bases predicated on geographic proximity. See Appendix B for a list of the joint bases. Although identifying efficiencies was a consideration of the 2005 BRAC process, the mission capabilities and readiness impact of the BRAC recommendations was the top priority. The BRAC Commission also noted that DoD did not have Department-wide standards for installation support at the time of its report.

The Deputy Secretary of Defense issued the initial JBIG on January 22, 2008, to establish a comprehensive framework of joint basing procedures. By issuing the JBIG, the Deputy Secretary of Defense directed various other DoD Components to issue supplemental guidance in their respective areas to support the JBIG. Additionally, each joint base was responsible for developing a memorandum of agreement between all components that guided the implementation process at each joint base.

Joint bases provide standard levels of support for 49 installation support functions identified in the JBIG such as: grounds maintenance, legal support, emergency management, and utilities for their supported components rather than requiring each component to provide the support. See Appendix C for a full list of the 49 installation support functions.

The Installations Capabilities Council (ICC), a council consisting of DoD Senior Executive Leadership and members from each Military Department, approved the joint basing support standard levels known as Common Output Level Standards (COLS). The Deputy Under Secretary of Defense for Installations and Environment is responsible for ensuring that installation assets and services are available when and where needed. The Deputy Under Secretary of Defense for Installation and Environment established the Office of the Secretary of Defense Basing Directorate (OSD Basing Directorate) to manage the BRAC recommendations and the joint basing implementation process. To determine how effectively the joint bases operate and meet the COLS, each joint base submits a Cost and Performance Visibility Framework (CPVF) report to the Office of the Secretary of Defense on a quarterly basis. Additionally, the OSD Basing Directorate routinely conducts conferences with joint basing leaders and issues newsletters to share ideas, discuss potential COLS revisions, and disseminate information regarding the joint basing process.

DoD established a phased approach to implement joint basing. DoD established five joint bases on October 1, 2009, and seven on October 1, 2010.* Prior to establishment, each base completed a trial period of approximately 8 months, known as the initial operating capability, in which the installations combined to provide the support but could maintain separate resource obligations. During the initial phase, each base prepared for the transfer of personnel and repositioning of resources. Before becoming fully operational, the budgeting authority transferred from the individual Services to the lead Service at each joint base. The JBIG and supplemental guidance stated which support and resources would transfer to the joint base, and that mission-related functions would remain with the existing Services. In accordance with the JBIG; civilians, funds, contracts, and real property transferred to the lead Service and were subject to the lead Service's policies and procedures, unless specified in other policy. Service members of the supported Service did not transfer to the lead Service but could be embedded into the joint base to accomplish the installation support as a way to provide the supported components fair share of resources.

Marine Corps Relocation

In accordance with an October 2005 agreement between the U.S. Government and the government of Japan, DoD is realigning about 8,000 Marines and 9,000 dependents from Okinawa, Japan, to Guam. DoD established the Joint Guam Program Office to facilitate,

*Joint Region Marianas is a joint region, which varies slightly from the construct of a joint base. We use the term "joint bases" to describe all installations under the joint basing process, including Joint Region Marianas. We visited only Joint Region Marianas and Joint Base Pearl Harbor–Hickam during our audit and are basing our report on findings at those locations.

manage, and execute the relocation and combining of Marine Corps assets into Joint Region Marianas (JRM). As the relocation progresses, the Marine Corps plans to establish Marine Corps Base Guam as a new installation under JRM. On July 1, 2010, the Deputy Under Secretary of Defense for Installations and Environment revised the JBIG to include the Marine Corps as part of the command structure of JRM. The Marine Corps and JRM will develop agreements for the operation and maintenance of facilities on Marine Corps Base Guam and the process to transition to Marine Corps Base Guam as part of JRM.

A Marine Corps Forces – Pacific official requested we review seven concerns regarding the Marine Corps transition to JRM. We discuss three of these concerns in Finding B. We do not discuss who will be the hiring authority for the Marine Corps during relocation because JRM does not plan to restrict the Marine Corps from hiring personnel on Guam through its joint basing authority. Additionally, we do not discuss the establishment of roles and responsibilities during the transition because adequate progress is being made in this area. Finally, we do not discuss sharing of efficiencies or the cost-sharing for the resources required by the Marine Corps because adequate guidance already exists as part of the initial joint basing implementation process.

JRM

JRM is a joint region established in the first phase of joint basing on October 1, 2009. JRM is led by the Navy and combined Naval Base Guam and Andersen Air Force Base (AAFB). JRM will eventually include Marine Corps Base Guam when it is established by the Marine Corps relocation and JRM may also include an Army Air Defense Battalion consisting of about 600 active duty personnel and 900 dependents.

Joint Base Pearl Harbor–Hickam

Joint Base Pearl Harbor–Hickam (JBPHH) is a joint base established in the second phase of joint basing on October 1, 2010. JBPHH is led by the Navy and combined Naval Station Pearl Harbor, Hawaii, and Hickam Air Force Base, Hawaii. We judgmentally included JBPHH in our review. JBPHH is similar to JRM because the Navy is the lead Service supporting the Air Force. We examined both JRM and JBPHH during our audit so that we could identify potential trends or best practices.

Review of Internal Controls

DoD Instruction 5010.40, “Managers’ Internal Control Program (MICP) Procedures,” July 29, 2010, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. JBPHH and JRM’s internal controls over joint basing were effective as they applied to the audit objectives.

Finding A. JRM and JBPHH Can Better Optimize Joint Basing Efficiencies

JRM and JBPHH have effectively implemented the joint basing process, but COLS development methodology, rigid policy, and inconsistent and incomplete reporting procedures limited the potential efficiencies at the joint bases. JRM and JBPHH encountered difficulties developing efficient processes because:

- ICC officials generally approved COLS by choosing the highest standard across the Services rather than a median range. Additionally, COLS did not allow for alternate methods to provide support, were not weighted based on urgency, or were not always tied to warfighter needs;
- Joint base commanders did not have full authority to combine and implement best practices of individual Services' procedures and policies; and
- Joint base officials provided CPVF reports to the OSD Basing Directorate that may not report standard information across the joint bases, were in response to COLS that needed interpretation, did not reflect the COLS status on mission capabilities, and did not require that supporting documentation and other records be maintained.

As a result, JRM and JBPHH were not able to optimize their use of the combined joint resources to better serve the warfighter.

JRM and JBPHH Were Adequately Implementing the Joint Basing Process

DoD officials successfully implemented the BRAC joint basing recommendation. DoD completed the joint basing implementation process when the seven Phase II bases became fully operational on October 1, 2010. At the two joint bases we visited, we did not identify any potential long-term impacts on the mission capabilities as a result of joint basing. Additionally, OSD Basing Directorate personnel stated that they were not aware of any mission setbacks at the other joint bases. Officials at the joint bases combined similar contracts, combined maintenance efforts to avoid more costly future repairs, and consolidated some office functions to become more efficient. However, JRM and JBPHH encountered inefficiencies because:

- COLS were generally above the performance at stand-alone bases and therefore were more costly to obtain and did not always align with the warfighter's needs,
- COLS requirements did not always allow for alternative methods of providing adequate installation support to be used,
- contracting officer warrants and professional certifications did not always transfer from the supported Service to the lead Service, and
- CPVF data submitted to the OSD Basing Directorate did not always reflect the COLS impact on mission capabilities.

COLS Revisions Could Better Serve the Warfighter and Result in More Efficient Operations

Both joint base personnel and the warfighters they support stated that COLS revisions are necessary to promote more efficient operations. OSD officials originally developed the COLS based on existing DoD standards and input from subject matter experts.

According to the personnel we interviewed, instead of setting COLS at a median level of support, the ICC approved COLS that were generally the highest standard of any of the Services. Additionally, joint base personnel developed other ways to provide installation support that adequately served the mission but did not meet the COLS. The individual COLS consider the performance of the joint base over a period of time and are not weighted towards support that is higher priority based on circumstances. Finally, as of October 2011, warfighters do not have an established method to provide feedback to the OSD Basing Directorate regarding the support they receive from the joint base.

Joint COLS Development Methodology Higher Than Needed

Joint base personnel stated that the COLS at joint bases are higher than the standards at stand-alone bases. Generally, OSD officials developed COLS based on existing DoD-wide guidance, best business practices, or the experiences of subject matter experts. However, in some situations, COLS were set at the highest level of support provided by any individual Service or higher. In turn, the joint bases were sometimes required to provide support that is above the level of support provided at stand-alone bases. For example, for children and youth care, a joint base COLS required 35 percent of eligible youths participating in a youth program, but the Army, Navy, and Air Force each obtained about a 20 percent participation rate before joint basing and no set standards were required by any Service.

Although establishing COLS in this manner preserved the quality of support at the joint bases, it also potentially negatively impacted efficient support because the joint bases must provide support across all COLS that may be at a higher standard than any Service's stand-alone bases. The joint base commanders expressed their concerns on this topic

. . . the joint bases must provide support across all COLS that is at a higher standard than any Service's stand-alone bases.

during the February 2011 Joint Basing Program Management Review but according to the after-action report, no changes were made as a result because it was too soon to determine the full effectiveness of the joint basing process. However, DoD revised some COLS as a result of this Program Management Review. Many joint basing concerns will be addressed through experience, but the OSD

Basing Directorate should monitor COLS levels as the joint basing process matures and develop a plan for adjusting COLS so that they are based on feedback from joint base personnel and warfighter requirements rather than setting COLS based on sometimes higher or the highest standards within DoD.

Alternate Methods to Accomplish Support Did Not Meet COLS

Joint base personnel, at the two bases we visited, have developed alternate methods to meet mission needs but do not satisfy COLS requirements. At JRM, specifically on

AAFB, 36th Air Wing Mission Support Group personnel stated that in at least two instances, the joint base personnel were required to report that COLS were not met, even though the mission was met and support was provided that was equal to or better than requirements.

The JBIG states that best business practices should be developed; however, simply focusing on meeting COLS may limit innovative methods. For example, the Base Support Vehicles Maintenance COLS required 90 percent of vehicles to be in operational status, and when repairs are needed, required 60 percent of the vehicles to be returned within 24 hours. The personnel we interviewed at AAFB stated that getting parts delivered to Guam takes much longer than 24 hours for many vehicles, so they keep additional vehicles on hand to loan when a 24-hour turnaround is not possible. Although a loaned vehicle is acceptable to complete the mission, AAFB does not meet the COLS.

In addition, the Lodging COLS requires all facilities to meet the DoD Lodging Programs Standards; however, the housing on AAFB does not meet the standards because many of the facilities have shared bathrooms. AAFB is a forward-operating location. According to 36th Wing Mission Support Group personnel, personnel at forward-operating locations are generally housed in tents. Rather than requiring the forward-deployed personnel to sleep in tents, personnel are housed in unoccupied base housing that does not meet COLS but is at a higher standard than minimum support generally provided to forward-deployed personnel. To meet the COLS, AAFB would require major renovations to base housing or increased use of nearby hotels, both with added costs to DoD.

The OSD Basing Directorate officials agreed that both of these practices are acceptable and that the COLS should be listed as met but admitted that communicating this to joint basing officials is not easy because of the uniqueness of each case. The OSD Basing Directorate encourages the exchange of ideas and best practices through conferences and newsletters. However, until joint base personnel recognize that they can report that COLS are met without performing the exact criteria listed to complete the COLS, joint bases may not operate as efficiently as possible. The OSD Basing Directorate should issue guidance to joint base commanders establishing that alternative ways to meet COLS are encouraged and acceptable.

COLS Methodology Needs to Consider Urgency

Over the quarterly reporting period, joint base personnel encountered a number of situations that, according to them, were more urgent than others but were not reflected differently in the COLS methodology. For COLS that are stated as providing a certain percentage of the entire workload, the impact of the necessary support is not considered in the COLS. For example, a hypothetical COLS may be to respond to 90 percent of building maintenance requests within 4 hours. In this case, the joint base personnel can respond to 10 percent of requests outside of the 4-hour window and still meet COLS. However, the COLS measurement does not consider that joint base personnel may have an urgent mission-related request that requires a 4-hour response while other requests may not need to be addressed immediately because they have little mission impact. At JBPHH, the warfighters and joint base support personnel developed a semi-formal way to

raise more urgent requests for support by directing the request to the JBPHH leaders, but their methods and results had no bearing on the CPVF reports provided to the OSD Basing Directorate. Implementing warfighter feedback on installation support will mitigate some of these concerns, but DoD officials should continue to develop ways to reflect more urgent requests for support within the COLS and reflect the results in the CPVF data.

Warfighter Feedback Needed on Installation Support

OSD Basing Directorate officials received information only from the joint base personnel on the performance of the joint base, and not from the warfighters that rely on the

... if joint base commanders are assessed only on COLS performance, they may focus on meeting COLS at the expense of the mission.

support. Personnel at each of the joint bases file the CPVF quarterly report stating whether COLS are met or not met and the cost of the support. The CPVF quarterly report is a joint bases' self-assessed report card provided to DoD leadership. Allowing the warfighter to provide feedback directly to OSD will allow DoD senior leaders to make decisions on future COLS adjustments based on the support received and not how well the joint bases are performing the standards dictated to them by the COLS.

We interviewed many mission groups that were more interested in getting the support needed for the warfighters than whether the joint base was performing support to COLS.

The COLS did not always align with the support required to complete the mission, which is a core philosophy of the joint basing process. The personnel interviewed said that joint bases have provided extra effort to support and complete the mission; however, if joint base commanders are assessed only on COLS performance, they may focus on meeting COLS at the expense of the mission.

The OSD Basing Directorate officials stated in June 2011 that a subjective narrative to be completed by the warfighter and submitted with the CPVF report was being considered and in development. The OSD Basing Directorate personnel stated that they hope to have this feature available for the first quarter of the FY 2012 CPVF reporting period. We commend the OSD Basing Directorate for implementing this function, and we are not making a recommendation to address this concern.

Joint Base Commanders Did Not Always Implement Best Practices Because of Service-Specific Policies

Joint base commanders could benefit from combining, merging, and choosing the best policies and practices available. At implementation, the operating procedures and civilian personnel on the joint base became subject to the policies of the lead Service. As the joint bases matured, it became evident that policies of the other Services may be more effective than the policies used by the lead Service. In some cases, inefficiencies occurred because the Service members had to complete similar tasks done in compliance with both the lead and supported Services' policies. Additionally, the embedded

members of the supported Service were subject to the oversight and inspection of their Service but performed day-to-day operations in accordance with the policies of the lead Service. Also, certifications and warrants of civilian personnel did not always transition to the lead Service. Better cooperation between the Services, flexible policies, and empowered joint base commanders should lead to a more efficient joint basing process.

Joint Base Processes and Policies Need to be Developed

DoD implemented joint basing to develop conditions for more consistent support and to identify best business practices, but the two Navy-led joint bases we visited have made little progress in this area. Although joint base personnel, who now have experience using multiple Services' processes, identified areas where one process was more efficient than the other, only the policies of the lead Service were generally being used. These areas included base access, timekeeping, accounting, and contract administration. To maximize efficiencies, joint base commanders need to implement a hybrid of best practices instead of using Service-specific policy. We did not identify specific practices that could be improved during our audit but concluded that joint base personnel are in the best position to identify these practices as joint basing matures. Joint base personnel can also identify best practices based on the uniqueness of the conditions at each joint base. Joint base personnel were willing to implement best practices when areas were not covered by a Service-specific policy. OSD Basing Directorate officials should be aware of restrictive Service-specific policies and consider allowing joint bases to deviate from policies on a case-by-case basis so that joint bases can test and refine best practices.

Conflicts in Compliance Inspections and Oversight Policies at Joint Bases

At joint bases, the supported component's Service members are subject to policies and procedures of both their Service and the joint bases, which sometimes created conflict when the periodic Operational Readiness Inspections and Unit Compliance Inspections were conducted. According to members of the Air Force stationed at JBPHH, the unit received negative remarks during a recent inspection because they were not operating in accordance with Air Force protocols and standards for initiating installation support. Instead, the unit was operating in accordance with the policies in effect at JBPHH. According to Air Force personnel, the inspection team did not consider this when conducting their work. Additionally, during future inspections, units may receive negative remarks through no fault of its own if the support provided by the joint base is insufficient. The unit must maintain the ability to operate in compliance with Air Force instructions if it deploys from JBPHH, so inspections still provide value to the Department. However, Navy Installations Command officials, in conjunction with the inspection and oversight community, should develop policy for conducting either targeted or joint inspections at the joint bases to avoid evaluating joint base personnel on different sets of standards.

Operator Certifications and Contracting Officer Warrants Did Not Always Transition to the Lead Service

The Navy was not properly employing the talent and skills of all heavy equipment operators and contracting officers at the two Navy-led joint bases we visited. At joint basing implementation, civilians providing installation support at the supported Service transferred to the lead Service. Unfortunately, equipment operating certifications and contractor officer warrants did not immediately transfer with the personnel because the authorities and issuing procedures associated with certifications and warrants are different for each Service. The Navy suffered setbacks in the short term because the valuable skills and services performed by these personnel were not being fully used at the joint bases. The JBIG did not cover retraining and recertifying these personnel in their new positions during the joint base implementation. JRM and JBPHH officials stated that they were aware of this concern and were willing to start the process of re-certification but had not conducted any actions. For contracting officers, a contracting officer at AAFB suggested the idea of implementing joint warrants at joint bases or using some other form of cross-Service procedure, such as the Defense Acquisition Workforce Improvement Act certification process. Joint base commanders should develop plans to better employ the specialized personnel for installation support. Developing a transition process for joint base contracting officers is particularly important at Navy-led joint bases because of the regional structure of the Navy's contracting functions (Naval Facilities Engineering Commands and Fleet Industrial Supply Centers).

Reporting Joint Basing Results Should Be Consistent and Complete

The joint base commanders can improve CVPF reports to DoD leaders to be more consistent and complete. Joint base commanders provide a quarterly update on their joint base to the OSD Basing Directorate known as the CPVF. DoD officials should strengthen controls over the quarterly CPVF reports provided by joint bases to ensure effective decisionmaking. Specifically, joint base CPVF reports were lacking because:

- the reports were compiled by individuals at the joint bases and were not subject to an independent assessment that compares reporting at all joint bases;
- COLS used phrases such as “responding within one business day” and “timeliness of reporting” that were interpreted differently by the personnel submitting the CPVF data, the mission components, and the OSD Basing Directorate;
- an unmet COLS did not necessarily mean that the mission suffered, and a met COLS did not always signify that support was sufficient; and
- JRM and JBPHH did not have specific instructions, set standards, or documented methodologies for determining the basis of their data compiled, which may lead to inconsistent reporting and dissimilar information as the joint bases mature and personnel change.

The OSD Basing Directorate is planning changes to the CPVF data collection starting in FY 2012 that should increase the accuracy of reports. These changes include an additional level of review of the CPVF data, a web-based reporting system, and the addition of subjective narrative to be completed by the mission components supported by

the joint bases. Additionally, the OSD Basing Directorate issued a CPVF handbook in June 2011 that includes information gathered by the Office of the Secretary of Defense on the CPVF submittal process and best practices. These changes should address the first three weaknesses identified, but the OSD Basing Directorate should direct the joint base commanders to develop methods to consistently report data as the joint basing process matures and personnel transfer to and from the joint base. DoD leaders will be able to make better decisions regarding the future of joint basing if the information they receive from joint bases is more accurate and complete.

Conclusion

DoD officials have generally met the primary intent of the portion of the BRAC recommendation to form JRM and JBPHH with minimal impact on mission capabilities. However, opportunities still exist for DoD leaders to develop more efficient processes. Although the joint bases we visited have combined functionally, the standards, policies, and procedures need to evolve so that best practices can be implemented. To obtain the anticipated benefits from the joint basing process, OSD Basing Directorate officials should allow joint base commanders flexibility in policies and give them the authority to develop and test innovative approaches to providing installation support. Additionally, controls over reporting the joint base results need to improve so that DoD can make informed decisions regarding the future of the joint basing process.

Recommendations, Management Comments, and Our Response

Redirected Recommendation

We redirected Recommendation A.2. from the Commander, Naval Installations Command, to the Deputy Chief of Naval Operations, Director, Shore Readiness, based on comments received from the Director, Joint Guam Program Office and discussions with the Navy.

A.1. We recommend that the Deputy Under Secretary of Defense for Installations and Environment:

a. Develop an action plan and timetable for revising Common Output Level Standards based on joint base and mission component feedback that aligns Common Output Level Standards to mission requirements and urgency of required support.

b. Issue guidance to joint base commanders stating DoD leadership intentions regarding the ability to report Common Output Level Standards as met through acceptable alternative methods of support.

c. Issue supplemental Joint Basing Implementation Guidance regarding contracting officer warrants or similar certifications for personnel at joint bases

that addresses the ability of joint bases to employ these personnel and ease the transition of personnel to or from a joint base.

d. Issue guidance to joint base commanders on supporting their Cost and Performance Visibility Framework data that will strengthen the consistency of the reports and facilitate the preparation of reports as personnel transition to or from a joint base.

Management Comments Required

The Deputy Under Secretary of Defense for Installations and Environment did not comment on a draft of this report. We request that he provide comments on Recommendation A.1. in response to the final report.

A.2. We recommend that the Deputy Chief of Naval Operations, Director, Shore Readiness:

a. Provide instruction and establish parameters for Navy leaders on joint bases regarding opportunities to deviate from established policies to develop more efficient processes.

Joint Guam Program Office Comments

The Director, Joint Guam Program Office, provided comments for the Department of the Navy Office of the Assistant Secretary of Energy, Installations, and Environment. The Director disagreed that the Commander, Navy Installations Command, is responsible for implementing the recommendation. He stated that the Deputy Chief of Naval Operations, Director, Shore Readiness, will work with the other Services to review and refine existing policies as part of the duties of the Senior Joint Base Working Group.

Our Response

We redirected this recommendation based on the Director's comments and the planned action is sufficient to satisfy the intent of this recommendation. No further comments are required.

b. Develop procedures for conducting oversight and inspections at the Navy-led joint bases in conjunction with the supporting Services and applicable oversight agencies to accomplish oversight that is mutually agreeable to all affected parties, while tailoring the inspections to joint basing processes rather than the Service's instructions.

Joint Guam Program Office Comments

The Director, Joint Guam Program Office, provided comments for the Department of the Navy Office of the Assistant Secretary for Energy, Installations, and Environment. The Director disagreed and stated that an existing agreement signed by the Service Vice Chiefs states how oversight and inspection functions are conducted on joint bases and

that any deviations should be documented in the Memorandum of Agreement at the joint bases. According to the Director, the agreement states that the lead Service has oversight authority for installation management functions and the supported Service maintains oversight of noninstallation management functions. The Director stated that the Joint Region Marianas Memorandum of Agreement does not identify any deviations from the inter-Service agreement.

Our Response

The Director's comments were partially responsive. At Joint Base Pearl Harbor–Hickam, an inspection was conducted on a noninstallation management function. The Component being reviewed was dependent on installation management provided by the joint base. We agree that some guidance exists on oversight and inspections at joint bases. We identified this specific issue because guidance either needs to be revised or supplemented to address oversight when functions that remained part of the supported Service rely on the installation management to complete the Service's mission. Although this may require coordination with other Service Chiefs, we addressed this recommendation to the Navy because we visited only Navy-led joint bases during our audit. We request additional comments on this recommendation in response to the final report by March 26, 2012.

c. Develop standard procedures for reporting Cost and Performance Visibility Framework data and documenting methodologies for calculating this information at Navy-led joint bases.

Joint Guam Program Office Comments

The Director, Joint Guam Program Office, provided comments for the Department of the Navy Office of the Assistant Secretary for Energy, Installations, and Environment. The Director disagreed and stated that the Cost and Performance Visibility Framework is an Office of the Secretary of Defense program and that office should issue guidance to all joint bases on reporting methodologies and standards.

Our Response

The Director's comments were partially responsive. Although the Cost and Performance Visibility Framework is an Office of the Secretary of Defense program, each joint base provides comments based on its own performance. Additionally, each joint base is unique in the volume of support it is required to provide and in the methods chosen to provide this support. The Office of the Secretary of Defense implemented the Cost and Performance Visibility Tool reporting process to allow some flexibility regarding how joint bases meet standards. Developing policy at the Navy-level will allow the Navy to develop best practices and specific standards for reporting data based on the unique processes at the Navy-led joint bases. We limited this recommendation to the Navy because we visited only two Navy-led joint bases. If we visited joint bases led by other Services and determined similar issues existed, we would have made similar recommendations to the other Services. Therefore, we disagree with the Director that guidance needs to be issued at the Office of the Secretary of Defense-level to be effective. Additionally, documenting the methodology of how the Navy calculates and

reports their data to the Office of the Secretary of Defense is a Navy function. We request additional comments on this recommendation in response to the final report by March 26, 2012.

Finding B. Marine Corps Guam Relocation Joint Basing Challenges

The Marine Corps personnel may experience problems unless steps are taken to involve the appropriate officials in discussions before the transition to JRM. Specifically, increased planning and coordination among the appropriate officials is required because:

- Marine Corps officials may experience similar problems as the Air Force experienced during the transition to JRM because the Marine Corps defines and categorizes installation support functions differently from the Navy.
- JRM officials must establish easily accessible locations for the Marine Corps to receive installation support, known as storefronts, but also limit excess storefronts when the Marine Corps can be supported by existing storefronts at JRM.
- JRM officials must determine how to increase Guam exchange capacity to provide the support needed to handle the increased demands of incoming Marines, while continuing to distribute exchange profits in an equitable manner.

As a result, Marine Corps personnel readiness, resources, and quality of life may be affected during their relocation to Guam and transition to JRM.

Improving the Marine Corps Transition to JRM

The Marine Corps may experience problems during the transition to JRM because increased planning and coordination are needed in key transition areas. A Marine Corps Forces – Pacific official expressed concerns with several joint basing areas that may complicate the transition of the Marine Corps into JRM. These concerns include tracking funds as they transition from the Marine Corps to JRM, maintaining equity with the other Services on Guam, and distributing Marine Corps Exchange profits.

The Marine Corps Forces – Pacific official also identified areas that we determined are being adequately addressed by DoD leaders or are addressed by current joint basing guidance. Among the concerns was the Marine Corps' ability to hire required personnel at JRM, the Marine Corps cost-sharing allocation during its transition to JRM, and the development of policies and procedures to incorporate the Marine Corps into the JRM organizational structure. Additionally, the Marine Corps Forces – Pacific official was concerned that the Marine Corps will not benefit from any future efficiencies identified through its involvement with JRM. The official is correct that the Navy will retain future efficiencies at JRM based on current joint basing principles. The OSD Basing Directorate determined that lead components will retain any efficiencies resulting from joint basing because they are also at risk of using other resources for joint basing if inefficiencies occur. Although the OSD Basing Directorate's stance is not codified in JBIG or supplemental guidance, the OSD Basing Directorate agreed that guidance should be issued. Because JRM is already established, the budgeting and transfer process the Marine Corps will experience during its transition to JRM will be more accurate than the original joint basing budgeting process. Therefore, we do not address this concern in our report.

Funds Tracking and Resource Transfer Challenges

The Marine Corps financial personnel will face challenges tracking funds and transferring resources to JRM due to the lack of continuity between the Services' structure and financial systems. Financial personnel at both JRM and JBPHH stated that the transfer of functions and funds was a challenge during the joint basing implementation. A Marine Corps Forces – Pacific official had similar concerns regarding the categorization of installation support by the Navy, Marine Corps, and joint bases. JRM and Marine Corps officials will need to make decisions regarding how to align and properly resource transferring functions because the Marine Corps installation support functions do not align directly to existing JRM functions. During the transfer from the Air Force to the Navy at JBPHH and JRM, officials determined that many Air Force installation support functions had to be separated into subfunctions before transferring, so that they correctly aligned with the existing Navy installation support functions.

Air Force officials had trouble efficiently tracking funds because of procedural, structural, and cultural differences between the Services. JRM and JBPHH personnel were unable to track whether specific functions were part of the transfer, what funds were transferred to resource that function, whether the funds were adequately processed through the Navy's accounting system, and whether the funds were provided to the joint base to provide that function or retained at a regional level within the Navy. At JRM, the process was further complicated because JRM funds then had to be allotted to the specific components within the region. Navy and Air Force personnel stated that they were eventually able to track the funds with increased efforts, but establishing better communication and accounting procedures before the transition to JRM would have been beneficial to the process. Because JRM now operates a fully-functional financial directorate, the appropriate JRM and Marine Corps financial personnel should be involved throughout the transition so that the Marine Corps transition to JRM is accomplished effectively.

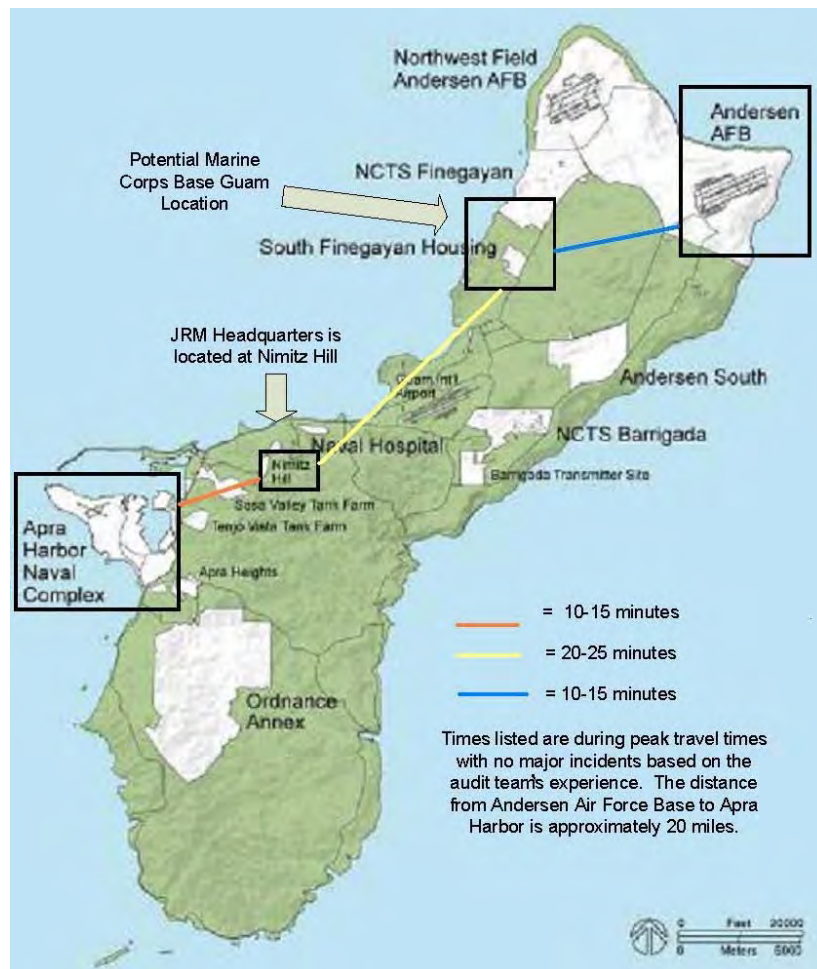
Efficient Access to Marine Corps Installation Support at JRM

The Marine Corps will require storefronts for installation support at JRM, but steps should be taken to determine the necessity of potential storefronts. The Marine Corps officials must coordinate with personnel from AAFB and Naval Base Guam to identify what services can be shared as many of the services required by the Marine Corps are already present on Guam. However, in some cases, even though storefronts already exist that could adequately support the Marine Corps needs, savings will be negated by increased travel time or lack of convenience. To maximize efficiencies, Marine Corps personnel should use existing storefronts at other DoD locations on Guam when it is most efficient.

Through proper planning, the Marine Corps has opportunities to decrease the amount of overhead and new construction required by the relocation to Guam. Marine Corps personnel should ensure that personnel transferring to JRM can best perform their duties. Additionally, Marine Corps personnel should use existing Navy and Air Force facilities for installation support where the opportunity exists. However, Marine Corps personnel should consider the most economical way to obtain commonly required support at Future

Marine Corps Base Guam. Although the three bases will be in relatively close proximity, traveling between the bases for commonly required support will result in inefficiencies at JRM. The figure shows approximate travel times between the main DoD locations on Guam.

Figure. Approximate Peak Travel Times, by Car, Using Existing Roadways on Guam



JRM, AAFB, Naval Base Guam, and Marine Corps officials should continue to coordinate requirements so that efficiencies can be identified. When Marine Corps officials require a storefront on Marine Corps Base Guam, they should provide adequate resources to JRM for the storefront. Marine Corps and JRM officials should develop procedures for maintaining, increasing, or decreasing storefronts by revising an existing agreement or developing new procedures to ensure adequate resourcing and provision of installation support. Additionally, JRM and the Marine Corps should determine whether transferring personnel should be positioned at JRM headquarters or at Marine Corps Base Guam to best provide installation support.

Equitable Exchange Services Profits Distribution

The future Marine Corps Exchange will be disproportionately funding JRM morale, welfare, and recreation activities under the current JBIG. If JRM and Marine Corps officials decide that a Marine Corps Exchange should be built on Guam to provide the Marine Corps with exchange support, they should develop a plan to ensure equitable treatment of Marine Corps exchange profits at JRM. According to the Director, JRM Morale, Welfare, and Recreation Directorate, at traditional Marine Corps bases, the Marine Corps retains most exchange profits at the local level while the other Services retain a portion at the local level and a portion at headquarters levels. After the Marine Corps Exchange retains some earnings for future expansion and improvement, the commander at a Marine Corps base has all remaining profits available to spend on quality of life programs for Marines at that location. After other Services' exchanges retain profits for expansion and improvements, approximately 48 percent of profits go to the base commanders to use at their discretion and 52 percent of profits go to the specific Services' headquarters for use across the Service. Without specific planning, the Marine Corps will not have the additional benefits provided on a Service-wide level by the other Services.

Whether the Marine Corps keeps exchange profits or profits are provided to the Navy in accordance with the JBIG, Service members located on JRM will experience some inequity regarding the benefits of exchange profits. If the Marine Corps retains all of the exchange profits, then Marines at JRM will not only benefit from the Marine Corps Exchange profits, but will also benefit by the support provided by JRM through the profits of the other Service's exchanges. If JRM receives all of the Marine Corps Exchange profits, then Air Force and Navy Service members will receive their proportionate share of the increased JRM funds plus extra support from their Service's headquarters. The Marines would receive only their proportionate funds through JRM due to the lack of headquarters-level programs funded through their exchanges. The JBIG exempted Marine Corps Community Service installation support functions from combining at Joint Base Myer – Henderson Hall; therefore, no joint bases presently provide community support to the Marine Corps or receive Marine Corps Exchange funds.

Although the Air Force Exchange profits are currently transferred to the Navy at JRM, the effects of this transfer are lessened because at other joint bases, the Air Force receives profits from the Navy Exchanges. The Navy should develop a plan for the equitable use of exchange profits to maintain equality among the Services or allow the Marine Corps to retain a portion of the exchange profits on JRM for its own use, or the Navy should reach an agreement with the Marine Corps regarding how the additional Marine Corps funds will be used by JRM.

The exchange profits are only a portion of morale, welfare, and recreation funds available at JRM; however, any decrease in funds will have a negative impact on services that JRM provides. If JRM and Marine Corps officials reach an agreement on dividing exchange profits, then quality of life functions for the Marines can be preserved and JRM can benefit from having a portion of the Marine Corps Exchange funds for the JRM mission.

Conclusion

The Marine Corps and JRM officials will need to closely coordinate decisions during the Marine Corps relocation to Guam. Additionally, the Navy may need to develop plans regarding the use of exchange profits at JRM to maintain a standard level of service across all Services located at JRM. Implementing our recommendations should assist with the Marine Corps relocation to Guam and help DoD achieve the goal of developing more efficient operations through joint basing.

Management Comments on the Finding and Our Response

The Office of the Secretary of Defense for Personnel and Readiness Principal Director for Military Community and Family Policy commented that the Marine Corps Exchange does not currently operate in Guam. Therefore, he disagreed with our assessment that the Marine Corps Exchange would be disproportionately funding JRM morale, welfare, and recreation activities. He also stated that the Joint Region Marianas Memorandum of Agreement addresses how the profits of the existing exchanges will be distributed.

Our Response

Although the Marine Corps Exchange does not currently operate on Guam, Marine Corps officials indicated that one may be established as part of the relocation to Guam. We state in the Finding that the decision was not made on how to provide exchange support to the relocating Marines. Our discussion on dividing the exchange profits is contingent on a Marine Corps Exchange being built on Guam. During the implementation of the joint basing process, no existing Marine Corps Exchanges were affected; therefore, no precedent was established for distributing Marine Corps Exchange profits at joint bases. We make our recommendation based on any potential profits that could result from a Marine Corps Exchange in Guam.

Recommendations, Management Comments, and Our Response

Revised Recommendation

We clarified Recommendation B.1 to note that it only applies to any future Guam Marine Corps Exchange profits. If a Marine Corps Exchange is not established on Guam as part of the Marine Corps relocation, then this recommendation is not applicable.

B.1. We recommend that the Commander, Navy Installations Command, develop a plan regarding the treatment of any potential Marine Corps Exchange profits that maintains an equitable use of the profits across the Services located at Joint Region Marianas.

Joint Guam Program Office Comments

The Director, Joint Guam Program Office, provided comments for the Department of the Navy Office of the Assistant Secretary for Energy, Installations, and Environment. The

Director did not agree and stated that the decision has not been made regarding whether a Marine Corps Exchange will operate at Joint Region Marianas; therefore, discussion of profits is premature.

Our Response

The Director's comments were not responsive. We clarified this recommendation so that it pertains to future Marine Corps Exchange profits. We require action on this recommendation only if a Marine Corps Exchange is constructed on Guam to support the relocating Marines. We realize that the decision has not been made regarding the Marine Corps Exchange on Guam, however, if an exchange is constructed a plan is needed. We request additional comments on this recommendation in response to the final report by March 26, 2012.

Office of the Secretary of Defense for Personnel and Readiness Comments

Although not required to comment, the Principal Director for Military Community and Family Policy disagreed and stated that the Marine Corps does not operate an exchange on Guam and that the existing Army and Air Force Exchange and Navy Exchange dividend distribution is addressed by current joint basing guidance and in the Joint Region Marianas Memorandum of Agreement.

Our Response

One option to meet the increased requirement on Guam resulting from the Marine Corps relocation is to build a Marine Corps Exchange. Our discussion in the Finding and this recommendation are based on the possibility of constructing a Marine Corps Exchange. If Joint Region Marianas and Marine Corps officials determine that existing exchanges can meet the needs after the Marine Corps transition, then this recommendation is not applicable.

B.2. We recommend that the Commander, Joint Region Marianas:

a. Task the Joint Region Marianas Comptroller and other appropriate personnel with assisting the Marine Corps during the relocation to Guam regarding Joint Region Marianas operations, financial accounting systems, and tracking of funds during the transition to Joint Region Marianas.

Joint Guam Program Office Comments

The Director, Joint Guam Program Office, provided comments for the Department of the Navy Office of the Assistant Secretary for Energy, Installations, and Environment. The Director agreed and stated that the Concept of Partnership between the Navy and Marines specifies how funding will be handled and that future determinations will be made by the Navy and Marines regarding the transition and respective tracking of funds.

Our Response

The Director's comments were responsive, and no additional comments are required.

b. Develop a policy or agreement specific to the Marine Corps relocation to Guam that describes how Joint Region Marianas will provide installation support to the Marine Corps and provide suggestions for necessary storefronts that the Marine Corps should consider during the construction of Marine Corps Base Guam. Additionally, the policy should suggest which positions should be at Joint Region Marianas Headquarters instead of being located on Marine Corps Base Guam.

Joint Guam Program Office Comments

The Director, Joint Guam Program Office, provided comments for the Department of the Navy Office of the Assistant Secretary for Energy, Installations, and Environment. He agreed and stated that the Navy and Marine Corps have developed functional working groups designed to develop optimal organization and staffing at the installation and regional levels. He also stated that the groups are focusing on support required to be in place before the Marine Corps relocates. According to the Director, progress is being tracked through detailed matrices and communicated regularly.

Our Response

The Director's comments were responsive, and no additional comments are required.

Appendix A. Scope and Methodology

We conducted this performance audit from January 2011 through November 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We assessed the successes and shortfalls of the joint basing process, areas where guidance needs to be revised or issued, and other challenges during the joint basing implementation process. At JRM, we assessed specific concerns identified by the Marine Corps regarding their relocation to Guam and transition as part of JRM. The Naval Audit Service was also conducting a review at JRM. We met with them and determined that we would not assess the structure and supervisory control at JRM because it was part of their review.

We reviewed the 2005 BRAC recommendation number 146, the JBIG, and supplemental guidance. We reviewed summary CPVF information from the first required reporting periods through the 4th quarter of FY 2010. We limited detailed COLS analysis during our review and instead focused on COLS discussed by joint base personnel and trends in the CPVF data. We visited the Office of the Deputy Under Secretary of Defense for Installations and Environment Basing Directorate; Commander, Navy Installations Command; Headquarters, Marine Corps; Pacific Command; the Joint Guam Program Office; Marine Corps Forces – Pacific; Pacific Air Forces; JRM; and JBPHH. We interviewed major tenants; manpower; resources; financial; morale, welfare, and recreation; and executive personnel at JRM and JBPHH.

Use of Computer-Processed Data

We did not use or rely on computer-processed data.

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO), the Department of Defense Inspector General, and the Naval Audit Service have issued four reports discussing joint basing or construction related to the Guam relocation. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/audit/reports>.

GAO

GAO Report No. GAO-11-206, “The Navy Needs Better Documentation to Support Its Proposed Military Treatment Facilities on Guam,” April 5, 2011

GAO Report No. GAO-09-336, “DoD Needs to Periodically Review Support Standards and Costs at Joint Bases and Better Inform Congress of Facility Sustainment Funding Uses,” March 30, 2009

DoD IG

DoD IG Report No. D-2011-075, “DoD Officials Need to Improve Reporting of Obligations and Expenditures for the Guam Realignment,” June 17, 2011

Navy

Naval Audit Service Report No. N2011-0029, “Verification of Operational Capabilities and Internal Controls and Joint Region Marianas,” April 27, 2011

Appendix B. Joint Bases

Phase I Joint Bases* (Established on October 1, 2009)

Joint Base Andrews–Naval Air Facility Washington
Andrews Air Force Base and Naval Air Facility Washington

Joint Base Little Creek–Fort Story
Naval Expeditionary Base Little Creek and Fort Story

Joint Base Myer–Henderson Hall
Fort Myer and Henderson Hall

Joint Base McGuire–Dix–Lakehurst
McGuire Air Force Base, Fort Dix, and Naval Air Engineering Station Lakehurst

Joint Region Marianas
Naval Base Guam and Andersen Air Force Base

Phase II Joint Bases* (Established on October 1, 2010)

Joint Base Anacostia–Bolling
Naval Station Anacostia and Bolling Air Force Base

Joint Base Charleston
Charleston Air Force Base and Naval Weapons Station Charleston

Joint Base Elmendorf–Richardson
Elmendorf Air Force Base and Fort Richardson

Joint Base Langley–Eustis
Langley Air Force Base and Fort Eustis

Joint Base Lewis–McChord
Fort Lewis and McChord Air Force Base

Joint Base Pearl Harbor–Hickam
Naval Station Pearl Harbor and Hickam Air Force Base

Joint Base San Antonio
Lackland Air Force Base, Fort Sam Houston, and Randolph Air Force Base

* Lead installation listed first.

Appendix C. Installation Support Functions

Joint basing categorized installation support into 49 functions. In limited cases, specific joint bases are exempt from providing all 49 installation support functions because of BRAC recommendation number 146 or decisions made by DoD leadership.

1. Airfield Operations
2. Base Support Vehicles and Equipment
3. Child and Youth Programs
4. Civilian Personnel Services
5. Command Support
6. Custodial Services
7. Emergency Management
8. Environmental Compliance
9. Environmental Conservation
10. Environmental Restoration
11. Facilities Demolition
12. Facilities New Footprint
13. Facilities Sustainment
14. Facilities Restoration and Modernization
15. Family Housing Services
16. Financial Management
17. Fire Protection and Emergency Services
18. Food Services
19. Grounds Maintenance
20. Information Technology Services Management
21. Installation Chaplain Ministries
22. Installation History and Museums
23. Installation Law Enforcement Operations
24. Installation Movement
25. Installation Physical Security Protection and Services
26. Installation Public Affairs
27. Installation Safety
28. Laundry and Dry Cleaning
29. Legal Support
30. Lodging
31. Management Analysis
32. Military Personnel Services
33. Morale, Welfare, and Recreation
34. Nonappropriated Funds/Exchanges
35. Pavement Clearance
36. Pest Control
37. Pollution Prevention
38. Port Services
39. Procurement Operations
40. Readiness Engineering
41. Real Property Leases
42. Real Property Management/Engineering Services
43. Refuse Collection and Disposal
44. Small Arms Range Management
45. Supply, Storage, and Distribution
46. Supply, Storage, and Distribution (Nonmunitions) or Logistics Services
47. Unaccompanied Personnel Housing Services
48. Utilities
49. Warfighter and Family Services

Joint Guam Program Office Comments

Final Report
Reference



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(ENERGY, INSTALLATIONS & ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

JAN 18 2012

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Marine Corps Transition to Joint Region Marianas and Other Joint Basing Concerns (Project No. D2011-D000CG-0145.000)

Ref: (a) DoD IG memo of 30 Nov 11

Per reference (a), I have reviewed the recommendations to the subject report. My responses are as follows:

RECOMMENDATION A.2.a: CNIC provide instruction and establish parameters for Navy leaders on joint bases regarding opportunities to deviate from established policies to develop more efficient processes.

RESPONSE: Do not concur. As the Navy Senior Joint Base Working Group (SJBWG) member, OPNAV N46 will work with other Services to review and refine existing policies as they pertain to improving efficiency of joint basing processes. The Joint Management Oversight Structure (JMOS) exists to review joint basing needs and codify policy changes.

RECOMMENDATION A.2.b: CNIC develop procedures for conducting oversight and inspections at Navy-led joint bases in conjunction with the supporting Services and applicable oversight agencies to accomplish oversight that is mutually agreeable to all affected parties.

RESPONSE: Do not concur. Execution of Inspector General (IG) functions of oversight and inspections at the Navy-led joint bases must be consistent with approved Memorandums of Agreement (MOA) as signed by the Service Vice Chiefs. Standard MOA language reads, in part: "Except to the extent of an approved deviation or variance documented below, the supporting Component will provide IG functions in support of the Joint Region Commander and all installation management functions IAW the supporting Component's regulatory rules and procedural requirements. The supported Component will retain the IG functions in support of non-installation management functions IAW their Service regulations and procedures." The MOA between Navy and Air Force for Joint Region Marianas did not include any deviations or variances for IG functions.

Redirected.

RECOMMENDATION A.2.c: CNIC develop standard procedures for reporting Cost and Performance Visibility Framework (CPVF) data and documenting methodologies for calculating at Navy-led joint bases.

RESPONSE: Do not concur. Performance Visibility Framework (CPVF) is an Office of the Secretary of Defense (OSD) led program. OSD should develop methodologies that apply to all OSD Joint Bases not just Navy-led Joint Bases.

RECOMMENDATION B.1: CNIC develop a plan regarding treatment of Marine Corps Exchange profits that maintains an equitable use of the profits across the Services located at JRM.

RESPONSE: Do not concur at this time. The recommendation is premature for execution. A determination still must be made by the Navy on whether a Navy Exchange or a Marine Corps Exchange will reside on a future Marine Corps Base Guam before a discussion of profits occurs.


RECOMMENDATION B.2.a: Commander, Joint Region Marianas (JRM) task the JRM Comptroller and other appropriate personnel with assisting the Marine Corps during the relocation to Guam regarding JRM operations, financial accounting systems, and tracking of funds during the transition to JRM.

RESPONSE: Concur. In regard to financial accounting systems and tracking of funds during transition, the Concept of Partnership (CoP) specifies funding will be reimbursed from the Marine Corps to the Navy annually prior to and after FOC as well as Total Obligation Authority after FOC. The Marine Corps will reimburse the various Navy commands that provide Installation Support (IS) functions on behalf of JRM such as Navy Facilities Engineering Command Marianas, Naval Computer and Telecommunications Stations, among others. The Marine Corps will determine service requirements for each function and the Navy, in coordination with the Marine Corps, will determine the resource transfer requirements. All service requirements must be in compliance with Joint Basing-Common Output Level Standards (unless a deviation is approved), and should conform to established Region-wide service levels as applicable (e.g. hours of operation, etc). Each Service will employ their respective financial accounting systems in executing these actions.

RECOMMENDATION B.2.b: Commander, JRM develop a policy or agreement specific to the Marine Corps relocation to Guam that describes how JRM will provide installation support to the Marine Corps and provide suggestions for necessary storefronts that the Marine Corps should consider during the construction of Marine Corps Base Guam (MCBG). Additionally, the policy should suggest which positions should be at Joint Region Marianas Headquarters of being located on Marine Corps Base Guam.

RESPONSE: Concur. Policy and/or agreement to the Marine Corps relocation is outlined in the CoP. Subsequent to the CoP, JRM/USMC Functional Working Groups (FWGs) were established for the process of developing the optimal Marine Corps Base Guam functional organizations to include whether there will be storefronts, etc. FWGs represent all Installation Support (IS) functions and have equal representation from the Navy and Marine Corps. They work towards a consensus in developing the optimal organizations that reflect appropriate staffing at both the installation and region levels. FWGs (mainly Fire, Security, Info Tech, MWR, and Housing) have been meeting over the past year and are currently focused on functions that should be in place prior to the Marine Corps personnel arriving. Their progress will be tracked using detailed matrices outlining those actions and communicated in face-to-face meetings or via phonecon/video teleconference.

My point of contact regarding this matter is Captain [REDACTED], who can be reached at [REDACTED] or [REDACTED].



Joseph Ludovici
Director
Joint Guam Program Office

Copy to:
CNIC
JRM
N46

Office of the Under Secretary of Defense for Personnel and Readiness Comments



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

JAN 9 2012

MEMORANDUM FOR INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

SUBJECT: Marine Corps Transition to Joint Region Marianas and Other Joint Basing Concerns
(Project No. D2011-D000CG-0145.000)

Attached are comments to subject DoDIG Report. The recommendations are intended to correct apparent misunderstandings of the guidance for nonappropriated fund instrumentalities (NAFIs) at Joint Bases. My point of contact is Ms. [REDACTED]

A handwritten signature in cursive script, likely of Charles E. Milam, is positioned above the printed name.

Charles E. Milam
Principal Director
(Military Community and Family Policy)

Attachment:
As stated

DoDIG Draft Report Dated November 30, 2011
Marine Corps Transition to Joint Region Marianas and Other Joint Basing Concerns
(Project No. D2011-D000CG-0145.000)
OUSD(P&R)/MC&FP Comments

Recommendation B.1: *The DoDIG recommends “that the Commander, Navy Installations Command, develop a plan regarding the treatment of any Marine Corps exchange profits that maintains an equitable use of the profits across the Services located at Joint Region Marianas.”*

Revised.

DASD(MC&FP) Comment: Nonconcur. The Marine Corps does not operate an exchange, military or civilian morale, welfare and recreation (MWR), lodging or supplemental mission activities, within the Joint Region Marianas. A variance is required for a divergence from the BRAC 2005 Joint Basing Implementation Guidance or any supplemental guidance issued pursuant thereto.

Per the Under Secretary of Defense for Personnel and Readiness “Department of Defense Supplemental Guidance for Nonappropriated Fund Instrumentality (NAFI) Activities and Programs at Joint Bases” dated April 21, 2008 (“Supplemental Guidance”), the Supporting Component shall furnish the MWR, lodging, and supplemental mission programs and specify the Armed Service Exchange activities that will continue to operate at the joint installation; while the Secretaries of the Military Departments shall ensure adjustments to their Component dividend policies to ensure equitable distribution of exchange dividends to military MWR programs at joint bases and the Memorandum of Agreement (MOA) shall specify the formula by which the Components that continue to operate exchange activities will distribute exchange dividends.

The Marine Corps does not operate Program Group I (Military MWR), Program Group II (Exchange), Program Group III (Civilian MWR), Program Group IV (Lodging), and Program Group V (Supplemental Mission) activities within the Joint Region Marianas. Accordingly, the MOA for Joint Region Marianas, Annex J, Community Services, authorizes the Army and Air Force Exchange Service (AAFES) to continue operating specific exchange activities at Andersen Air Force Base (AAFB) and the Navy Exchange Service Command (NEXCOM) to continue operating specified exchange activities on Naval Base Guam (NBG). Per paragraph 5.2.6 of the Supplemental Guidance, the Supporting Component will ensure proposals for new or expanded activities do not compete with existing activities or providers, and that resources made available to the Joint Base are equitably used for supported and supporting Components.

Proposed Alternative Action: Pursuant to the Department of Defense implementation guidance for joint bases, in order to establish Marine Corps-operated Program Group I (Military MWR), Program Group II (Exchange), Program Group III (Civilian MWR), Program Group IV (Lodging), and Program Group V (Supplemental Mission) activities within the Joint Region Marianas, the Supporting Component shall submit a request for variance; and, irrespective of that decision, the Supporting and the Supported Components shall submit the necessary modifications to the MOU to specify the method for distribution of exchange dividends to Program Group I military MWR programs at Joint Region Marianas.

References: (1) Deputy Secretary of Defense memorandum, “Transforming Through Base Realignment and Closure (BRAC) 2005 – Joint Basing,” dated January 22, 2008; (2) USD(P&R) memorandum, “Supplemental Guidance for Nonappropriated Fund Instrumentality (NAFI) Activities and Programs at Joint Bases,” April 21, 2008; (3) USD(P&R) memorandum

“Memoranda of Agreement on the Distribution of Exchange Dividends at Joint Bases,” September 28, 2009; (4) DUSD(I&E) memorandum, “Modification to the Joint Basing Implementation Guidance (JBIG),” July 1, 2010; and (5) Memorandum of Agreement between United States Navy, Supporting Component and United States Air Force, Supported Component, January 2009.

Finding (Equitable Exchange Services Profits Distribution - paragraph 1, page 15): *The DoDIG draft report states, “the Marine Corps Exchange will be disproportionately funding Joint Region Marianas morale, welfare, and recreation activities under the current JBIG.”*

DASD(MC&FP) Comment: Nonconcur. The Marine Corps does not operate an exchange within the Joint Region Marianas. Therefore, the Marine Corps Exchange would not distribute funding to the Joint Region Marianas MWR program.

Per the Under Secretary of Defense for Personnel and Readiness “Department of Defense Supplemental Guidance for Nonappropriated Fund Instrumentality (NAFI) Activities and Programs at Joint Bases” dated April 21, 2008 (“Supplemental Guidance”), the Supporting Component shall furnish the MWR, lodging, and supplemental mission programs at the joint installation and specify the Armed Service Exchange activities that will continue to operate at the joint installation. Where more than one Component operates exchange activities on a Joint Base, the Components are not expected to follow the same exchange dividend distribution policy. However, the Secretaries of the Military Departments shall ensure adjustments to their Component dividend policies to ensure equitable distribution of exchange dividends to military MWR programs at joint bases and the Memorandum of Agreement (MOA) shall specify the formula by which the Components that continue to operate exchange activities will distribute exchange dividends.

Under the Installation Support Memorandum of Agreement for Joint Region Marianas, Annex J, Community Services, AAFES continues to operate all existing exchange activities at AAFB, and NEXCOM continues to operate all existing exchange activities at NBBG. Dividends from AAFES-operated activities will be calculated using the AAFES Board of Directors approved dividend methodology. AAFES will transfer the total exchange dividend as a single transaction to the Navy’s Central MWR fund (CNIC). Dividends from NEXCOM-operated activities will be calculated using the Navy MWR/NEX Board of Directors approved dividend methodology. NEXCOM will transfer the total exchange dividend as a single transaction to the Navy’s Central MWR fund.

Proposed Alternative Action: Correct inaccuracies as outlined in established policy and guidance (see below references).

References: (1) Deputy Secretary of Defense memorandum, “Transforming Through Base Realignment and Closure (BRAC) 2005 – Joint Basing,” dated January 22, 2008; (2) USD(P&R) memorandum, “Supplemental Guidance for Nonappropriated Fund Instrumentality (NAFI) Activities and Programs at Joint Bases,” April 21, 2008; (3) USD(P&R) memorandum “Memoranda of Agreement on the Distribution of Exchange Dividends at Joint Bases,” September 28, 2009; (4) DUSD(I&E) memorandum, “Modification to the Joint Basing Implementation Guidance (JBIG),” July 1, 2010; and (5) Memorandum of Agreement between United States Navy, Supporting Component and United States Air Force, Supported Component, January 2009.



Inspector General Department of Defense